

House File 590

S-3299

- 1 Amend House File 590, as amended, passed, and
2 reprinted by the House, as follows:
- 3 1. Page 1, line 2, by striking <IOWA PARTNERSHIP
4 FOR ECONOMIC PROGRESS AND>
- 5 2. Page 1, by striking lines 14 through 16 and
6 inserting:
7 <2. The collaboration shall involve the economic
8 development authority and the Wallace innovation
9 corporation, both of which shall work>
- 10 3. Page 1, before line 23 by inserting:
11 <01A. "*Business enterprise*" means a work or
12 improvement located within the state, including but
13 not limited to real property, buildings, equipment,
14 furnishings, and any other real and personal property
15 or any interest therein, financed, refinanced,
16 acquired, owned, constructed, reconstructed, extended,
17 rehabilitated, improved, or equipped, directly or
18 indirectly, in whole or in part, by the authority or
19 through loans made by it and which is designed and
20 intended for the purpose of providing facilities for
21 manufacturing, industrial, processing, warehousing,
22 wholesale or retail commercial, recreational, hotel,
23 office, research, business, or other related purposes,
24 including but not limited to machinery and equipment
25 deemed necessary or desirable for the operation
26 thereof.>
- 27 4. Page 1, lines 25 and 26, by striking <economic
28 development> and inserting <Wallace innovation>
- 29 5. Page 1, by striking lines 32 and 33.
- 30 6. By striking page 2, line 10, through page 4,
31 line 13.
- 32 7. Page 4, line 22, after <a.> by inserting <(1)>
- 33 8. Page 4, line 23, by striking <nine> and
34 inserting <eleven>
- 35 9. Page 4, line 26, by striking <(1)> and inserting
36 <(a)>
- 37 10. Page 4, by striking lines 27 through 30 and
38 inserting <district in the state.>
- 39 11. Page 4, line 31, by striking <(2) One member>
40 and inserting <(b) Three members>
- 41 12. Page 4, before line 32 by inserting:
42 <(2) Of the voting members appointed pursuant
43 to subparagraph (1), the governor shall appoint the
44 following:
45 (a) One person who is a member of the Iowa
46 innovation council established in section 15.117A.
47 (b) One person who has professional experience in
48 finance, insurance, or investment banking.
49 (c) One person who has professional experience in
50 advanced manufacturing.

1 (d) One person with professional experience in
2 small business development.

3 (e) One person with professional experience
4 representing the interests of organized labor.

5 (f) Four persons who are actively employed in
6 the private, for-profit sector of the economy or who
7 otherwise have substantial expertise in economic
8 development.

9 (3) The governor shall not appoint to the authority
10 board any person who is either the spouse or a relative
11 within the first degree of consanguinity of a serving
12 member of the authority board or the board of directors
13 of the corporation.>

14 13. Page 5, by striking lines 6 through 9 and
15 inserting:

16 <c. (1) There shall be three ex officio, nonvoting
17 members consisting of the following:

18 (a) The president of the state board of regents, or
19 the president's designee.

20 (b) One person, selected by the Iowa association
21 of independent colleges and universities, who is the
22 president of a private college or university in the
23 state, or that person's designee.

24 (c) One person, selected by the Iowa association of
25 community college presidents, who is the president of a
26 community college, or that person's designee.

27 (2) A person serving as a designee pursuant to
28 subparagraph (1) shall serve a one-year term as an ex
29 officio member of the authority board.>

30 14. Page 5, by striking lines 20 through 27 and
31 inserting:

32 <3. a. Seven members of the authority constitute
33 a quorum and, of the seven members constituting the
34 quorum, there shall be at least one member representing
35 each of the United States congressional districts as
36 appointed pursuant to subsection 1, paragraph "b",
37 subparagraph (1).

38 b. The affirmative vote of a majority of the
39 appointed members is necessary for any action taken
40 by the authority. The majority shall not include
41 any member who has a conflict of interest and a
42 statement by a member of a conflict of interest shall
43 be conclusive for this purpose.

44 c. A vacancy in the membership does not impair the
45 right of a quorum to exercise all rights and perform
46 all duties of the authority.>

47 15. Page 6, before line 5 by inserting:

48 <7A. a. The members of the authority shall develop
49 a strategic plan for economic development in the state.

50 b. (1) The strategic plan shall identify the

1 authority's goals for the next calendar year and shall
2 include a set of metrics that will be used to gauge and
3 assess the extent to which the authority achieves those
4 goals. Such metrics shall include, but are not limited
5 to:

- 6 (a) The number of jobs created in the state.
- 7 (b) The average wage and benefit levels for such
8 jobs.
- 9 (c) The impact to average household income for Iowa
10 families as a result of the jobs created.
- 11 (d) Such other information as the authority or the
12 director deems relevant.

13 (2) The strategic plan shall be submitted to the
14 general assembly and the governor's office on or before
15 January 31 of each year.>

16 16. Page 6, line 35, by striking <other than>

17 17. Page 7, line 1, by striking <the director of
18 the authority>

19 18. Page 10, before line 13 by inserting:

20 <r. Issue negotiable bonds and notes as provided in
21 section 15.106D.>

22 19. Page 10, by striking lines 24 through 29.

23 20. Page 11, line 2, by striking <issues identified
24 by the partnership> and inserting <strategic plan
25 developed by the members of the authority>

26 21. Page 11, by striking lines 21 through 25 and
27 inserting:

28 <(e) Consulting services.

29 (f) Services related to statewide commercialization
30 development as provided for in section 15.411,
31 subsection 2.>

32 22. Page 12, before line 12 by inserting:

33 <4. a. If the authority enters into a contract,
34 including but not limited to a contract executed
35 pursuant to subsection 2, paragraph "d", with a
36 nonprofit corporation organized under chapter 504 or
37 under the similar laws of another jurisdiction, the
38 authority shall ensure that the terms of the contract
39 shall provide for the disclosure of all gifts, grants,
40 bequests, donations, or other conveyances of financial
41 assistance to the corporation from all private
42 and public sources. Such disclosure shall include
43 information from the corporation's most recent three
44 fiscal years and shall include the name and address
45 of the person or entity making the conveyance and the
46 amount.

47 b. If the authority enters into a contract for
48 the provision of financial assistance to a business,
49 the authority shall ensure that the terms of the
50 contract provide for the disclosure of all donations

1 the business has ever made to the corporation. The
2 authority shall not consider the amount or frequency
3 of such donations when evaluating the merits of the
4 business's application or when determining the amount
5 of financial assistance to be awarded to the business.
6 c. The authority shall not enter into a contract
7 for services, including a contract executed pursuant
8 to subsection 2, paragraph "d", that exceeds two years
9 in duration.>

10 23. Page 12, by striking lines 13 through 17 and
11 inserting:

12 <1. The operations of the authority shall be
13 administered by a director who shall be appointed by
14 the governor, subject to confirmation by the senate,
15 and who shall serve for a six-year term beginning and
16 ending as provided in section 69.19. An appointment
17 by the governor to fill a vacancy in the office of the
18 director shall be for the balance of the unexpired
19 six-year term.>

20 24. Page 12, by striking lines 27 through 31.

21 25. Page 13, after line 9 by inserting:

22 <__. a. The director may create organizational
23 divisions within the authority in the manner the
24 director deems most efficient to carry out the duties
25 and responsibilities of the department.

26 b. In structuring the authority, the director shall
27 create a small business development division and ensure
28 that the division focuses administrative efforts,
29 program resources, and financial assistance awards on
30 small businesses.

31 c. (1) On or before September 15, 2011, the
32 authority shall submit a report to the governor and
33 the general assembly assessing the extent to which
34 each of the authority's programs can be used to
35 provide assistance to small businesses and making
36 recommendations for legislative changes to such
37 programs in order to better and more intensively focus
38 economic development efforts on such small businesses.
39 The report shall also address the extent to which the
40 authority's programs address local economic development
41 needs and efforts.

42 (2) This paragraph "c" is repealed on June 30,
43 2012.>

44 26. Page 13, after line 9 by inserting:

45 <Sec. ____. NEW SECTION. 15.106D **Private activity**
46 **bonds and notes.**

47 1. The authority may issue its negotiable bonds
48 and notes in principal amounts as, in the opinion
49 of the authority, are necessary to finance the cost
50 of business enterprises, to finance the working

1 capital needs of businesses, to refinance existing
2 indebtedness incurred for any of the foregoing purposes
3 or any combination of the foregoing, the payment of
4 interest on its bonds and notes, the establishment
5 of reserves to secure its bonds and notes, and all
6 other expenditures of the authority incident to and
7 necessary or convenient to carry out the purposes of
8 this section. The bonds and notes shall be deemed to
9 be investment securities and negotiable instruments
10 within the meaning of and for all purposes of the
11 uniform commercial code, chapter 554.

12 2. All bonds issued by the authority shall be
13 limited obligations of the authority. The principal of
14 and interest on such bonds shall be payable solely out
15 of the revenues derived from the business enterprise to
16 be financed by the bonds so issued under the provisions
17 of this section. Bonds and interest coupons issued
18 under authority of this section shall not constitute an
19 indebtedness of the authority within the meaning of any
20 state constitutional provision or statutory limitation,
21 and shall not constitute nor give rise to a pecuniary
22 liability of the authority or a charge against its
23 general credit. Bonds or notes are not an obligation
24 of this state or any political subdivision of this
25 state, other than the authority, within the meaning of
26 any constitutional or statutory debt limitations, but
27 are special obligations of the authority payable solely
28 and only from the sources provided in this section,
29 and the authority may not pledge the credit or taxing
30 power of this state or any political subdivision of
31 this state, other than the authority, or make its debts
32 payable out of any moneys except as provided in this
33 section.

34 3. Bonds and notes must be authorized by a
35 resolution of the authority. However, a resolution
36 authorizing the issuance of bonds or notes may delegate
37 to an officer of the authority the power to negotiate
38 and fix the details of an issue of bonds or notes by an
39 appropriate certificate of such authorized officer.

40 4. Bonds shall:

41 a. State the date and series of the issue, be
42 consecutively numbered, and state on their face that
43 they are payable both as to principal and interest
44 solely out of the revenues derived from the business
45 enterprise to be financed by the bonds so issued under
46 the provisions of this section, constitute special
47 obligations of the authority, and do not constitute
48 an indebtedness of the authority, this state, or any
49 political subdivision of this state within the meaning
50 of any constitutional or statutory debt limit.

1 *b.* Be either registered, registered as to principal
2 only, or in coupon form, issued in denominations as
3 the authority prescribes, fully negotiable instruments
4 under the laws of this state, signed on behalf of the
5 authority with the manual or facsimile signature of the
6 chairperson or vice chairperson, attested by the manual
7 or facsimile signature of the secretary, have impressed
8 or imprinted thereon the seal of the authority or a
9 facsimile of the seal of the authority, and the coupons
10 attached shall be signed with the facsimile signature
11 of the chairperson or vice chairperson, be payable as
12 to interest at rates and at times as the authority
13 determines, be payable as to principal at times over
14 a period not to exceed fifty years from the date of
15 issuance.

16 5. The authority may issue its bonds for the
17 purpose of refunding any bonds or notes of the
18 authority then outstanding, including the payment
19 of any redemption premiums thereon and any interest
20 accrued or to accrue to the date of redemption of the
21 outstanding bonds or notes. Until the proceeds of
22 bonds issued for the purpose of refunding outstanding
23 bonds or notes are applied to the purchase or
24 retirement of outstanding bonds or notes or the
25 redemption of outstanding bonds or notes, the proceeds
26 may be placed in escrow and be invested and reinvested
27 in accordance with the provisions of this chapter. The
28 interest, income, and profits earned or realized on an
29 investment may also be applied to the payment of the
30 outstanding bonds or notes to be refunded by purchase,
31 retirement, or redemption. After the terms of the
32 escrow have been fully satisfied and carried out, any
33 balance of proceeds and interest earned or realized
34 on the investments may be returned to the authority
35 for use by it in any lawful manner. All refunding
36 bonds shall be issued and secured and subject to the
37 provisions of this section in the same manner and to
38 the same extent as other bonds issued pursuant to this
39 section.

40 6. The authority may issue negotiable bond
41 anticipation notes and may renew them from time to
42 time, but the maximum maturity of the notes, including
43 renewals, shall not exceed ten years from the date
44 of issue of the original notes. Notes are payable
45 solely out of the revenues derived from the business
46 enterprise to be financed by the notes so issued under
47 the provisions of this section, or from the proceeds
48 of the sale of bonds of the authority in anticipation
49 of which the notes were issued. Notes shall be
50 issued in the same manner and for the same purposes as

1 bonds. Notes and the resolutions authorizing them may
2 contain any provisions, conditions, or limitations, not
3 inconsistent with the provisions of this subsection,
4 which the bonds or a bond resolution of the authority
5 may contain. Notes may be sold at public or private
6 sale. In case of default on its notes or violation of
7 any obligations of the authority to the noteholders,
8 the noteholders shall have all the remedies provided in
9 the resolution authorizing their issuance. Notes shall
10 be as fully negotiable as bonds of the authority.

11 7. It is the intent of the general assembly that a
12 pledge made in respect of bonds or notes shall be valid
13 and binding from the time the pledge is made, that the
14 money or property so pledged and received after the
15 pledge by the authority shall immediately be subject
16 to the lien of the pledge without physical delivery or
17 further act, and that the lien of the pledge shall be
18 valid and binding as against all parties having claims
19 of any kind in tort, contract, or otherwise against the
20 authority whether or not the parties have notice of the
21 lien. Neither the resolution, trust agreement, nor any
22 other instrument by which a pledge is created needs to
23 be recorded or filed under the Iowa uniform commercial
24 code, chapter 554, to be valid, binding, or effective
25 against the parties.

26 8. Neither the members of the authority nor any
27 person executing its bonds, notes, or other obligations
28 shall be liable personally on the bonds, notes,
29 or other obligations or be subject to any personal
30 liability or accountability by reason of the issuance
31 of the authority's bonds or notes.>

32 27. Page 13, by striking lines 10 through 14.

33 28. Page 13, line 22, by striking <Economic
34 development> and inserting <Wallace innovation>

35 29. Page 13, line 23, by striking <economic
36 development> and inserting <Wallace innovation>

37 30. Page 14, by striking lines 28 through 33 and
38 inserting:

39 <a. A board of directors to govern the corporation.

40 (1) The board of directors shall initially be
41 comprised of seven members appointed by the governor to
42 concurrent terms of four years. Two of such members
43 shall be subject to confirmation by the senate.

44 (2) For appointments subsequent to the initial
45 appointments pursuant to subparagraph (1), two of the
46 members shall be appointed by the governor, subject to
47 confirmation by the senate, to staggered terms of four
48 years each, and the remaining five members shall be
49 selected by a majority vote of the board of directors
50 of the corporation for terms the length of which shall

1 be provided in the articles of the corporation.

2 (3) The governor and the board of directors of the
3 corporation shall not appoint or select any person who
4 is either the spouse or a relative within the first
5 degree of consanguinity of a serving member of the
6 board of directors or of the authority board.>

7 31. Page 15, by striking lines 17 and 18 and
8 inserting <direction, implement the applicable portions
9 of the strategic plan developed by members of the
10 authority pursuant to section 15.105.>

11 32. Page 15, by striking lines 23 through 28.

12 33. Page 16, by striking lines 14 through 17 and
13 inserting:

14 <c. Perform any functions delegated by the
15 authority pursuant to section 15.106B, subsection 2,
16 paragraph "d".

17 (1) In performing such functions, the corporation
18 shall not subcontract the performance of a delegated
19 function except as provided in subparagraph (2).

20 (2) The corporation may subcontract services under
21 the following conditions:

22 (a) The services are necessary to accomplish the
23 functions delegated to the corporation.

24 (b) The contract delegating the function contains a
25 list of the services that may be subcontracted pursuant
26 to this subparagraph (2).

27 (c) The contract delegating the function requires
28 that any agreement to subcontract a service must be
29 approved by the authority prior to the execution of
30 such an agreement by the corporation.>

31 34. Page 18, before line 8 by inserting:

32 <e. An assessment of economic development efforts
33 in the state as measured by the goals and metrics
34 contained in the strategic plan developed by the
35 members of the authority pursuant to section 15.105.>

36 35. Page 18, line 24, after <certified public
37 accountant> by inserting <in accordance with generally
38 accepted accounting principles>

39 36. Page 19, by striking lines 6 and 7.

40 37. Page 19, before line 8 by inserting:

41 <Sec. _____. Section 15.117A, subsections 1 and 5,
42 Code 2011, are amended to read as follows:

43 1. An Iowa innovation council is established
44 within ~~the department~~ state government. The ~~department~~
45 authority shall provide the council with staff and
46 administrative support. The ~~department~~ authority
47 may expend moneys allocated to the innovation and
48 commercialization division in order to provide such
49 support. The ~~department~~ authority may adopt rules for
50 the implementation of this section.

1 5. The purpose of the council is to advise
2 the ~~department~~ director on the development and
3 implementation of public policies that enhance
4 innovation and entrepreneurship in the targeted
5 industries, with a particular focus on the information,
6 technology, and skills that increasingly dominate the
7 twenty-first century economy. Such advice may include
8 evaluating Iowa's competitive position in the global
9 economy, reviewing the technology typically utilized in
10 the state's manufacturing sector, assessing the state's
11 overall scientific research capacity, keeping abreast
12 of the latest scientific research and technological
13 breakthroughs and offering guidance as to their impact
14 on public policy, recommending strategies that foster
15 innovation, increase new business formation, and
16 otherwise promote economic growth in the targeted
17 industries, and offering guidance about future
18 developments in the targeted industries.>

19 38. Page 19, after line 14 by inserting:
20 <Sec. _____. Section 15.117A, subsection 6, Code
21 2011, is amended by adding the following new paragraph:
22 NEW PARAGRAPH. f. Perform such tasks or provide
23 such advice as the director may require. The director
24 shall not require the council to perform a task that
25 is not contemplated by the powers and purposes of this
26 section or that is otherwise atypical of an advisory
27 body established within state government.>

28 39. Page 19, by striking lines 15 and 16.

29 40. Page 19, before line 17 by inserting:
30 <Sec. _____. AUTHORITY MERGER STUDY. The economic
31 development authority and the Iowa finance authority
32 shall study the issue of merging the two authorities
33 into a single authority. The authorities shall prepare
34 a report analyzing the advantages and disadvantages
35 of such a merger and assessing whether such a merger
36 is feasible. The authorities shall submit the report
37 to the governor and the general assembly on or before
38 September 30, 2011.>

39 41. Page 19, line 28, after <latter.> by inserting
40 <If an employee of the department is an employee
41 covered under the collective bargaining provisions of
42 chapter 20, then that employee shall also be covered
43 under chapter 20 upon employment with the authority.>

44 42. By striking page 19, line 35, through page 20,
45 line 2, and inserting <for purposes of chapter 97B.>

46 43. Page 20, before line 3 by inserting:
47 <4. Notwithstanding any provisions to the contrary
48 in chapter 68B or in this Act, and subject to the
49 approval of the director of the economic development
50 authority, the corporation established pursuant to

1 section 15.107 may employ not more than two individuals
2 who were employed by the department of economic
3 development on or before November 1, 2010.>

4 44. Page 23, by striking lines 6 through 15.

5 45. Page 26, before line 19 by inserting:

6 <5. If an employee of the office of energy
7 independence is an employee covered under the
8 collective bargaining provisions of chapter 20, then
9 that employee shall also be covered under chapter 20
10 for purposes of employment with the authority.>

11 46. By renumbering, redesignating, and correcting
12 internal references as necessary.

STEVEN SODDERS